

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Summary Suspension of the)	
License to Conduct Gambling Activities of:)	NO. CR 2015-00184
)	
)	FINDINGS OF FACT,
Megan Ky)	CONCLUSIONS OF LAW,
Burien, Washington,)	AND ORDER OF SUMMARY
)	SUSPENSION OF LICENSE
Licensee.)	
)	

RCW 9.46.070(17) authorizes the Washington State Gambling Commission (Commission) to summarily suspend¹ a license, subject to final action by the Commission. The Director has reviewed this Order of Summary Suspension and has issued it for service.

This order takes effect when served on the licensee, representative, or agent. A Commission Special Agent shall seize Megan Ky's license and the licensee must stop conducting gambling activities.

FINDINGS OF FACT

I.

David Trujillo is Director of the Washington State Gambling Commission and issues this order. Jurisdiction of this proceeding is based on chapter 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and Title 230 WAC.

II.

The Washington State Gambling Commission issued Megan Ky's license, number 68-05919, authorizing Card Room Employee activity with Wizards Casino in Burien.

The Commission issued this license, which expires on October 13, 2015, subject to the licensee's compliance with state gambling laws and Commission rules.

¹ WAC 230-17-165 defines summary suspension as immediately taking a license or permit from a person or organization which prevents them from operating or conducting gambling activities.

III.

After a thorough review of the report by a Commission Special Agent about the facts in this matter, the Director accepts the report as true and has determined that the summary suspension is necessary.

IV.

SUMMARY:

On July 8, 2014, Rasy Eng and the licensee, Megan Ky, conspired to cheat at Chips Casino in Lakewood. Additionally, on January 6, 2015, January 20, 2015, and January 21, 2015, Ms. Eng and Ms. Ky conspired to cheat at the Macau Casino in Tukwila. Ms. Eng is a licensed card room employee² (CRE) and worked as a floor supervisor/dealer at the Macau Casino. Ms. Ky is a licensed CRE and works as a poker manager at Wizards Casino in Burien. Overall, Ms. Ky and Ms. Eng won approximately \$16,000 at the Chips Casino, and \$41,450 at the Macau Casino from wagers placed when prearranged and unshuffled decks were in play.

FACTS:

Chips Casino/Lakewood Incident

1) On July 8, 2014, Ms. Eng took multiple decks of cards to an empty table. She prearranged various cards in a specific order. After prearranging various cards in a certain order, she placed the cards into the output³ elevator of the shuffle machine at a mini-baccarat table. Ms. Ky reserved the mini-baccarat table where the unshuffled cards were put in play and, Ms. Ky placed wagers on the table during the entire shoe. Ms. Ky won approximately \$16,000.

Macau Casino/Tukwila Incident

2) On January 6, 2015, Ms. Eng took multiple decks of cards to an empty gaming table away from other employees and patrons at the casino. She then prearranged certain cards in a specific order. After prearranging various cards in a specific order, she brought the decks of cards to a mini-baccarat table where she placed the cards into the output elevator of a shuffle machine. The cards were never shuffled. Ms. Ky won \$3,500 while gambling at the approximate time the prearranged and unshuffled decks were on the table.

3) January 20, 2015, Ms. Eng took multiple decks of cards to an empty gaming table away from other employees and patrons at the casino. She then prearranged certain cards in a specific order. After prearranging various cards in a specific order, she brought the decks of cards to a mini-baccarat table where she placed the cards into the output elevator of a shuffle machine. The cards were never shuffled.

² A companion case report is being prepared for administrative action.

³ The "input" is the left side of the shuffle machine, which starts the shuffling process. As the cards are shuffled and randomized, they move to the "output", which is the right side that contains the shuffled cards.

Ms. Eng gambled with Ms. Ky on the mini-baccarat table when the prearranged and unshuffled decks were in play. Ms. Ky also passed Ms. Eng \$1,200 in gaming chips under the table which Ms. Eng used to place wagers. Ms. Ky and Ms. Eng won approximately \$28,300 combined when the prearranged and unshuffled decks were in play.

4) On January 21, 2015, Ms. Eng took multiple decks of cards to an empty gaming table away from other employees and patrons at the cardroom. She then prearranged certain cards in a specific order. After prearranging various cards in a specific order, she brought the decks of cards to a mini-baccarat table where she placed the cards into the output elevator of a shuffle machine. The cards were never shuffled. Ms. Eng gambled with Ms. Ky on the mini-baccarat table when the prearranged and unshuffled decks were in play. Ms. Ky passed Ms. Eng \$1,000 in cash under the table, which Ms. Eng used to purchase additional chips to wager. Ms. Ky and Ms. Eng won approximately \$13,150 combined when the prearranged and unshuffled decks were in play. Overall, Ms. Ky and Ms. Eng won approximately \$16,000 at the Chips Casino, and \$41,450 at the Macau Casino from wagers placed when prearranged and unshuffled decks were in play.

5) On January 22, 2015, a Washington State Gambling Commission Special Agent (agent) received a phone call from Greg Means, General Manager of the Macau Casino. According to Mr. Means, while reviewing gaming records from the previous gaming day, he noticed a large loss on one of his baccarat tables. He said that he reviewed surveillance video and determined something happened that he believed was cheating.

6) During the investigation, the agent interviewed Mr. Means concerning the card room's card management and shuffling procedures. The agent determined the following:

- a) The Macau Casino reuses cards on its baccarat games. After cards are played on a baccarat table, they are inspected by card room staff, made into complete decks, and then used again.
- b) The Macau Casino has seven baccarat tables and each table uses eight decks of cards. Typically, each baccarat table will have two set-ups of eight decks of cards. Each set-up is a different color (blue and red). One set-up will be in the shoe for live play and the other set-up will be in the shuffle machine. After a set-up of eight decks are used on a table and placed into the discard rack, the dealer notifies a supervisor. The dealer then obtains shuffled cards from the output (right side) elevator of the shuffle machine to be put in play in the gaming shoe. After the dealer is notified that a baccarat table has used eight decks of cards, he/she brings two "vaults"⁴ to the baccarat table.
- c) Dealers are supposed to take the played cards out of the vault and inspect all the cards for damage, markings, and general wear and tear. All damaged/marked cards are removed and placed to the side where they will later be destroyed.

⁴ A vault is a clear container used to store a set-up of eight decks.

Dealers are required to make complete decks of the other cards. Dealers are supposed to make four piles of cards for each suit (spades, clubs, diamonds, and hearts). Dealers are supposed to put the cards in new deck order to make complete decks (i.e. Ace, 2, 3, 4, 5...of spades; Ace, 2, 3, 4, 5... of clubs, etc.).

- d) Dealers will often have multiple vaults of played cards they need to inspect and make into complete decks. Dealers are supposed to make eight complete decks of cards, wash⁵ them, and then place them in a vault.
- e) This process of inspecting cards and making complete decks occurs throughout the gaming day. There are often multiple dealers involved in this process because played decks of cards are continually coming from gaming tables. Supervisors consistently bring vaults containing played cards to the sorting table (placed in left side of the sorting table). Supervisors are also consistently getting vaults from the right side of the sorting table containing cards that were already inspected and made into eight complete decks to bring to gaming tables. When supervisors bring vaults to gaming tables they are required to put the cards into the shuffle machine (input elevator- left side) so that the cards are properly shuffled before put in play.

7) On January 22, 2015, the agent met with Mr. Means to discuss the incident. Mr. Means described the various shuffling procedures. Mr. Means said that he and his surveillance staff were still in the process of gathering all applicable video of the incident in question. Mr. Means provided the agent with surveillance. The agent reviewed the surveillance and made the following observations:

<p>1/21/15 Surveillance recording at Macau Casino</p>	<ul style="list-style-type: none"> • Ms. Eng took out a number of cards from the vault, turned them face up so that she could see their values, and fanned them out on the table. She then proceeded to arrange certain cards in what appeared to be a specific order. She did this same process a number of times until all eight decks in the vault were removed. • As the output elevator was still open, she quickly put the prearranged and unshuffled decks into the output of the shuffle machine. • Ms. Eng got off shift and sat at the table with Ms. Ky. Ms. Eng bought in for \$1,000. At one point, the agent observed Ms. Ky pass \$1,000 in cash under the table to Ms. Eng. Ms. Eng used the cash to buy more chips at the table.
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⁵ "Washing" cards simply means mixing the cards in a circular motion with the cards face down. Washing is not the same thing as shuffling.

	<p>For the most part, they always bet the maximum limit on the base game. They also placed numerous bets on the Dragon bonus wager. They both played multiple betting spots and often bet the entire table at maximum limits. They always bet the same outcome; if Ms. Ky bet on Banker to win, Ms. Eng bet on Banker to win and vice versa.</p> <ul style="list-style-type: none"> • When Ms. Ky and Ms. Eng placed bets when the prearranged and unshuffled decks were in play they each won approximately the following: Ms. Ky: \$16,800 and Ms. Eng: \$11,500.
<p>1/20/15 Surveillance recording at Macau Casino</p>	<ul style="list-style-type: none"> • Ms. Eng took the empty vault away from the open tables in the pit and away from the supervisor. The agent observed her push a button on the shuffle machine to open the output elevator of the shuffle machine. The agent observed her take eight blue decks of cards out of the shuffle machine and place them in the discard rack attached to the table. • Next, Ms. Eng then took out a number of cards from the discard rack and fanned through them in her hands. She looked through each card and began to arrange certain cards in a specific order. After she looked through each of the cards and arranged certain cards in a specific order, she put the group of cards in the empty vault she brought to the table. She did this same process multiple times until she went through all the cards that were in the discard rack. She placed all the prearranged decks of cards into the once empty vault she had brought to the table. • Towards the end of the shoe, Ms. Eng got off shift, sat at the table with Ms. Ky, and placed bets as well. At one point, the agent observed Ms. Ky pass Ms. Eng about \$1,200 in gaming chips under the table for Ms. Eng to place bets with. For the most part, they always both bet the maximum limit on the base game. They also placed numerous bets on the Dragon bonus wager. They also both played multiple betting spots at the maximum wagering limits.

	<p>They always bet the same outcome; if Ms. Ky bet on Banker to win, Ms. Eng bet on Banker to win and vice versa.</p> <ul style="list-style-type: none"> When Ms. Ky and Ms. Eng placed bets when the prearranged and unshuffled decks were in play they each won/loss approximately the following: Ms. Ky won approximately \$13,500 and Ms. Eng lost approximately \$350.
1/06/15 Surveillance recording at Macau Casino	<ul style="list-style-type: none"> Ms. Eng obtained the prearranged and unshuffled decks of cards from the cabinet at the sorting table.⁶ As soon as Ms. Eng sat down at the table, she took all the cards in the dealing shoe out and put them in the discard rack. There were about four decks of cards left in the dealing shoe. She then opened the output elevator of the shuffle machine, took the shuffled red decks out, and placed them on the table. Before the output elevator went down, she quickly put the prearranged and unshuffled decks into the output elevator of the shuffle machine. According to the cardroom records, Ms. Ky won \$3,500 while gambling at the approximate time the prearranged and unshuffled decks were on the table.

8) The agent interviewed Mr. Means, Ms. Eng, and Ms. Ky:

Mr. Means	<ul style="list-style-type: none"> According to Mr. Means, Ms. Eng intentionally did not follow internal procedures at the casino. On January 6, 2015, Ms. Eng placed the prearranged and unshuffled decks in the shuffle machine. Mr. Means said the dealers are never supposed to get cards and bring them to the tables they are dealing at. He said that Ms. Eng did this without the knowledge of the supervisor and no call was made to surveillance to verify shuffled cards were going on the table. On January 20, 2015, Ms. Ky requested a new shoe; Ms. Eng brought the already prearranged decks and placed them in the output elevator of the shuffle machine. Again, surveillance department was not notified. On January 21, 2015, Ms. Eng obtained the prearranged and unshuffled decks and brought them to the table where she placed them in the output elevator of the shuffle machine.
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⁶ Ms. Eng prearranged certain cards in a specific order prior to this.

	<ul style="list-style-type: none"> Mr. Means reviewed Ms. Ky's play in the card room's records for the months of December 2014 and January 2015 and determined that she won 10 out of 11 times. In the months of December and January, Ms. Ky gambled at the Macau Casino 11 times and won approximately \$49,531. Mr. Means estimated the losses to the casino due to the cheating acts of Ms. Eng and Ms. Ky at \$42,900.
Ms. Eng	<ul style="list-style-type: none"> On February 2, 2015, Ms. Eng and the agent discussed the incident. She told the agent that the Gambling Commission questioned her a few months ago for an incident that happened at another casino. She said there were so many people talking about her she decided to get an attorney. Ms. Eng said that if she came in to do an interview she would want her attorney present. Ms. Eng said she would contact her attorney and text his contact information. Ms. Eng later sent a text explaining she had an attorney named "Terrance." She said that he would contact the agent. The agent did not conduct an interview with Ms. Eng or her attorney.
Ms. Ky	<ul style="list-style-type: none"> On February 15, 2015, the agent called Ms. Ky to set up an interview. She said she would come in for an interview with her attorney. The agent did not conduct an interview with Ms. Ky or her attorney.

9) The matter was referred to the Pierce County Prosecutor.

10) On February 3, 2015, Mr. Means notified the agent that one of his dealers contacted him concerning Ms. Eng and Ms. Ky. According to Mr. Means, the dealer said she cashed out chips for Ms. Eng and Ms. Ky on January 21, 2015. She said that she was concerned because she did not want anyone to think she was involved in the cheating scheme.

11) On February 6, 2015, Mr. Means sent the agent an email stating he had more information about a conversation he had with Ms. Ky. Ms. Ky said there were five people involved but she wouldn't give any names. She said the dealer that cashed out some money for Ms. Ky knows of a \$500 cash gift given to one of the shift managers.

12) On February 10, 2015, Mr. Means forwarded the dealer's statement to the agent. According to the statement, the dealer said that both girls (Ms. Ky and Ms. Eng) were "betting big." She said that Ms. Ky asked her to cash out five black (\$500) chips for her at the cage. The dealer stated Ms. Ky told her to give the cash to the Shift Manager. The dealer said Ms. Ky was "apparently" betting a hand for the Shift Manager as a tip. Ms. Eng asked the dealer to cash out \$3,500 in chips.

13) On February 11, 2015, the agent interviewed the dealer. She said Ms. Ky typically gambles by herself; however, Ms. Ky let Ms. Eng gamble with her. The dealer said she was not sure if the Shift Manager was involved with cheating; she thought the \$500 was simply a "tip."

14) On February 25, 2015, the dealer provided the agent a written statement.

CONCLUSIONS OF LAW

I.

1) **RCW 9.46.070** provides that the Commission shall have the following powers and duties: The Commission may authorize the Director to temporarily suspend licenses subject to final action by the Commission.

2) **WAC 230-17-165(2)** provides that the Commission delegates its authority to the Director to summarily suspend any license if the Director determines that a licensee has performed one or more of the actions identified in RCW 9.46.075 as posing a threat to public health, safety, or welfare.

3) **WAC 230-17-165(3)** The Commission deems the following actions of a licensee or permittee constitute an immediate danger to the public safety and welfare:
(The following subsections apply.)

(a) Failing or refusing to comply with the provisions, requirements, conditions, limitations, or duties imposed by chapter 9.46 RCW or any rules adopted by the Commission;

(b) Knowingly causing, aiding, abetting, or conspiring with another to cause any person to violate any of the laws of this state or the rules of the commission; or

(iv)...Conspiracy to defraud.

4) **RCW 9.46.075 Denial, suspension, or revocation of license, application, or permit**

The Commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein:
(The following subsections apply.)

(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control;

(2) Knowingly causes, aids, abets, or conspires with another to cause, any person to violate any of the laws of this state or the rules of the commission;

(8) Fails to prove, by clear and convincing evidence, that he, she or it is qualified in accordance with the provisions of this chapter;

5) WAC 230-03-085 Denying, suspending, or revoking an application, license or permit

We may deny, suspend, or revoke any application, license or permit, when the applicant, certified employee, or anyone holding a substantial interest in the applicant's or certified employee's business or organization:

(The following subsections apply.)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level; or

(8) Poses a threat to the effective regulation of gambling, or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gambling activities, as demonstrated by: (a) Prior activities.

6) RCW 9.46.153(1) Applicants and licensees - responsibilities and duties

It shall be the affirmative responsibility of each applicant and licensee to establish by clear and convincing evidence the necessary qualifications for licensure of each person required to be qualified under this chapter, as well as the qualifications of the facility in which the licensed activity will be conducted.

Ms. Ky reserved the table where the prearranged and unshuffled decks were put in play, and she placed wagers on the table through the entire shoe when the prearranged and unshuffled decks were in play. Ms. Ky passed Ms. Eng cash and gaming chips under the table for Ms. Eng to buy more chips and place additional wagers. Ms. Ky and Ms. Eng won approximately \$41,450 from the wagers they placed when the prearranged and unshuffled decks were on the mini-baccarat table. Based on WAC 230-17-165(3)(a),(b), and (iv), Ms. Ky should immediately stop conducting gambling activities.

Based on these actions, by improperly prearranging cards, placing these unshuffled cards out for play, and then gambling with Ms. Eng with knowledge of the prearranged decks of cards, the licensee poses a threat to the effective regulation of gaming, or increases the likelihood of unfair or illegal practice under WAC 230-03-085 (1), (3), and (8). As a result, there are grounds to revoke Ms. Ky's license based on RCW 9.46.075(1), (2), (8), and (10), and WAC 230-03-085(1), (3), and (8).

Megan Ky has failed to establish clearly and convincingly her qualifications for a license, in violation of RCW 9.46.153(1). RCW 9.46.075(1) and (8) provides the Commission may revoke any license when a licensee fails to prove, by clear and convincing evidence, that she is qualified in accordance with the provisions of this chapter.

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ORDER

Based on the FINDINGS OF FACT AND CONCLUSIONS OF LAW and the Director's authority under RCW 34.05.422, RCW 9.46.070(17), and WAC 230-17-165, the Director orders that Megan Ky's license is summarily suspended, pending a formal hearing by an Administrative Law Judge.

STATEMENT OF RIGHTS

(1) **You may ask for a stay of this Order.** To do so, you must complete and return to the Commission the enclosed Application for Stay Hearing form within fifteen (15) days from the date you receive this Order. If the Commission receives a timely request, we will hold a hearing within seven (7) days as required by WAC 230-17-170(3). The stay hearing will determine if your suspension should continue, or whether the suspension may be modified. At the stay hearing, you will have to prove by clear and convincing evidence that:

- (a) You will likely win at hearing; and
- (b) If your suspension continues, you will suffer serious injury. Under this section, loss of income from licensed activities is not considered serious injury; and
- (c) Removing the immediate suspension will not hurt others in this case; and
- (d) The threat to the public safety or welfare does not justify continuing the suspension, or that modifying the suspension will adequately protect the public.

(2) **You also have a right to a hearing on the revocation of your license.** To do so, you must complete and return to the Commission the enclosed Application for Hearing form within twenty (20) days from the date you receive this order. If you do NOT request a hearing, we will enter an Order of Default revoking your license under RCW 34.05.440.

If you have any questions regarding the rights stated above, please contact Jennifer Stretch, Paralegal, at (360) 486-3465 or 1-800-345-2529, extension 3465.

III.

I have read this Findings of Fact, Conclusions of Law, and Order of Summary Suspension of License, know the contents of it, believe it to be true, and have executed this Notice in my capacity as Director of the Washington State Gambling Commission.


DAVID TRUJILLO, DIRECTOR 3/12/2015
(Date)